

(Caption of Case)

Re: Application of Chem-Nuclear Systems,
LLC, a subsidiary of EnergySolutions, for
Adjustment in the Levels of Allowable
Costs and for Identification of Allowable
Costs

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2000 - 366 - A

(Please type or print)

Submitted by: Robert T. Bockman, EsquireSC Bar Number: 747Address: McNair Law Firm, P.A.Telephone: 803-799-9800Post Office Box 11390Fax: 803-753-3219Columbia, SC 29211

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:

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September 27, 2007

The Honorable Charles L.A. Terreni
Chief Clerk and Administrator
South Carolina Public Service Commission
Post Office Box 11649
Columbia, South Carolina 29211

RE: Application of Chem-Nuclear Systems, LLC, a Subsidiary of Energy Solutions
(SCPSC Docket No. 2000-366-A) (FY 2007-2008 Proceeding)

Dear Mr. Terreni:

Please find enclosed for filing the original and ten (10) copies of the Application of Chem-Nuclear Systems, LLC, a subsidiary of Energy Solutions, for Adjustment in the Levels of Allowable Costs and for Identification of Allowable Costs for Fiscal Year 2007-2008. We are filing the Application in accordance with S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2006) and the Commission's rules of practice and procedure.

As the Certificate of Service to the Application indicates, we have formally served a copy of the Application on those parties which S.C. Code Ann. § 48-46-40(B)(9) (Supp. 2006) designates as parties to this proceeding. By copy of this letter, we are providing a copy of the Application to the appropriate officials of the Atlantic Compact Commission and the South Carolina Department of Health and Environmental Control which Section 48-46-40(B)(9) designates as discretionary parties, and we are providing a copy to the Chief of Staff of the Office of Regulatory Staff.

Should you have any questions with respect to this filing, please do not hesitate to contact me.

Very truly yours,



Robert T. Bockman

Enclosures

cc: Mr. Dan F. Arnett
The Honorable Max K. Batavia
Florence P. Belser, Esquire
Frank R. Ellerbe, III, Esquire
The Honorable C. Earl Hunter
The Honorable Henry D. McMaster
Hana Pokorna-Williamson, Esquire
The Honorable Frank W. Fusco

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2000-366-A

In Re: Application of Chem-Nuclear Systems,)
 LLC, a subsidiary of EnergySolutions, for)
 Adjustment in the Levels of Allowable)
 Costs and for Identification of Allowable)
 Costs)
_____)

APPLICATION
(for Fiscal Year 2007-2008)

Pursuant to the provisions of S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2006), Chem-Nuclear Systems, LLC, a subsidiary of EnergySolutions, (“Chem-Nuclear” or the “Company”) submits this Application for adjustment in the levels of certain “allowable costs” and for the identification of certain “allowable costs” for the operation of its regional low-level radioactive waste disposal facility located in the vicinity of Barnwell, South Carolina. In support of the relief which it requests by its Application in this proceeding Chem-Nuclear would respectfully show unto this honorable Commission:

1. On June 6, 2000, the Governor of the State of South Carolina signed the Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act (the “Act”). The Act is codified as S.C. Code Ann. §§ 48-46-10, *et seq.* (1976), as amended.

2. Section 48-46-40(B)(1) of the Act authorizes and directs the Commission “to identify allowable costs for operating a regional low-level radioactive waste disposal facility in South Carolina.” Section 48-46-30(1) defines “allowable costs” as “costs to a disposal site operator of operating a regional disposal facility.” Under that definition, such costs “are limited to costs determined by standard accounting practices and regulatory findings to be associated with facility operations.”

3. Section 48-46-40(B)(3) provides that “allowable costs” expressly include the costs of certain specifically identified activities necessary in the operation of a low-level radioactive waste disposal facility. That Section also provides that “allowable costs” include “any other costs directly associated with disposal operations determined by [the Commission] to be allowable.”

4. Chem-Nuclear operates a regional low-level radioactive waste disposal facility (the “Facility”) in Barnwell County, South Carolina. Consequently, the Commission has the authority to identify the “allowable costs” for the Company’s operation of the Facility.

5. The Facility is located on a tract of land consisting of approximately 235 acres which the State of South Carolina owns and which the Company leases from the South Carolina Budget and Control Board (the “Board”). The 235-acre site includes areas for various operations, including completed disposal trenches, potential trench areas, ancillary facilities, water management areas and buffer zone areas.

6. The Company conducts its operations at the Facility under South Carolina Radioactive Material License 097 (“License 097”) by which the South Carolina Department of Health and Environmental Control (“DHEC”) has authorized receipt, storage and disposal of low-level radioactive waste at the Facility. License 097 contains numerous technical conditions and specifications for management of waste at the Facility. The Company submitted an application to DHEC on April 28, 2000, for renewal of License 097. The DHEC staff recommended approval of the renewal of License 097, and the decision was affirmed by the South Carolina Administrative Law Court. The matter is currently pending appellate review. In addition to the requirements of License 097, the Facility is subject to DHEC’s regulations in 24A S.C. Code Reg. 61-63 (Title A) (Supp. 2006). DHEC’s regulations are similar to the provisions

of “Licensing Requirements for Land Disposal of Radioactive Wastes,” which the United States Nuclear Regulatory Commission (“NRC”) originally promulgated in 10 CFR Part 61, and which DHEC has adopted most of those provisions and enforces them through its own regulations under an agreement with the NRC.

7. On June 7, 2007, the Commission issued its Order No. 2007-418 in SCPSC Docket No. 2000-366-A. In that Order, the Commission identified certain categories of “allowable costs” and identified levels of “allowable costs” within those categories. Order No. 2007-418 approved certain rates for variable allowable costs and identified the sum of \$7,859,163 for total fixed allowable costs for the twelve (12) months ending June 30, 2007. The Order also approved irregular costs of \$209,766 as allowable costs.

8. S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2006) provides that an operator of a low level radioactive waste disposal site may apply for adjustments in the levels of “allowable costs” that the Commission has identified for the previous fiscal year and for identification of costs that the Commission has not previously identified as “allowable costs.” Upon approval of such application, Section 48-46-40(B)(4) requires the Commission to authorize the site operator to adjust its “allowable costs” for the current fiscal year to compensate the site operator for revenues lost during the previous fiscal year.

9. For the purposes of this Application and its Exhibits, the Company has used the cost categories that the Commission approved in Order No. 2007-418, which were based on the recommendations of the parties to the Collaborative Review of the Company’s Operations and Efficiency Plan (“OEP”).

10. During the Company’s recently concluded Fiscal Year 2006-2007 (*i.e.*, the twelve (12) months ending June 30, 2007), the Company’s actual “allowable costs” in those categories that the Commission identified in Order No. 2007-418 for fixed costs were \$8,677,764. By this

Application, the Company requests the Commission to approve the levels of fixed allowable costs for Fiscal Year 2006-2007 to permit the Company to be compensated for those allowable fixed cost components identified in Order No. 2007-418, as authorized by Section 48-46-40(B)(4). Consequently, the Company proposes an adjustment of \$818,601 for allowable fixed costs in this Application.

11. With respect to those allowable costs which Order No. 2007-418 characterized as irregular costs, the Company incurred total irregular costs for Fiscal Year 2006-2007 of \$570,460. The irregular costs which the Company actually experienced exceeded the level of total allowable irregular costs of \$209,766 identified in Order No. 2007-418. Consequently, the Company requests that the Commission identify \$360,694 as the adjustment for allowable irregular costs for Fiscal Year 2006-2007.

12. With respect to the allowable costs that Order No. 2007-418 characterized as variable labor and non-labor costs, which are dependent upon volumes of waste buried, the Company incurred actual costs in the category of variable labor and non-labor costs in Fiscal Year 2006-2007 which are \$19,859 less than the costs identified by Order No. 2007-418, using the variable cost rates identified by the Commission in that Order for categories of waste and using the number of variable units experienced in Fiscal Year 2006-2007 for each rate. Therefore, the Company does not request any adjustments for variable labor and non-labor costs in this Application.

13. With respect to vault costs, Order No. 2007-418 established certain variable cost rates for each type of waste disposed at the Facility. By applying those rates to the volumes of each type of waste actually buried in routine disposal vaults in Fiscal Year 2006-2007, the Company calculated a total cost for routine disposal vaults of \$1,387,707. Based on the Company's actual experience in Fiscal Year 2006-2007, the Company incurred a cost of

\$1,551,381.73 for routine disposal vaults. Therefore, the Company requests an adjustment of \$163,674 for vault costs in this Application.

14. The Company has attached to this Application three (3) Exhibits pertaining to the adjustments and identification of the three (3) categories of “allowable costs” for its disposal operations.

15. Exhibit A to this Application describes in detail the Company’s proposed adjustments for the recovery of its actually incurred costs for fixed, variable and irregular costs to reflect the differences between the level of “allowable costs” identified in Order No. 2007-418 and the level of the Company’s actually incurred costs in Fiscal Year 2006-2007. Exhibit A also provides the rates for variable costs which were contained in Order No. 2007-418.

16. Exhibit B describes the actual irregular costs which the Company incurred in Fiscal Year 2006-2007, organized by project number.

17. Exhibit C depicts the total fixed costs, irregular costs and variable cost rates that the Company proposes for identification and approval for Fiscal Year 2007-2008.

18. For Fiscal Year 2007-2008, the Company requests identification as “allowable costs” a total of \$9,466,394 as allowable fixed costs, as depicted in Exhibit C. Exhibit C also identifies variable material cost rates and variable waste dependent labor rates for Fiscal Year 2007-2008. Irregular costs for Fiscal Year 2007-2008 that are known and measurable at the time of this Application are \$242,000, as specified in Exhibit C. The costs and amounts in Exhibits A and C are consistent with the description of “allowable costs” in Section 48-46-40(B)(3), and they have been determined by standard accounting practices and are consistent with the recommendations of the Collaborative Review of the OEP as the Commission approved in Order No. 2004-349 in this Docket.


WHEREFORE, Chem-Nuclear Systems, LLC, a subsidiary of EnergySolutions, respectfully prays unto this honorable Commission:

1. To review the Company's Application and issue its Order, under S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2006), recognizing the levels of "allowable costs" as depicted in Exhibit A for Fiscal Year 2006-2007, and identifying the levels of irregular costs in Exhibit B for Fiscal Year 2006-2007, and identifying as "allowable costs" those costs depicted in Exhibit C for Fiscal Year 2007-2008.

2. For such other and further relief as is just and proper.

Respectfully submitted,

Robert T. Bockman
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

By: 

Attorneys for Chem-Nuclear Systems, LLC

September 27, 2007

Columbia, South Carolina

EXHIBIT A:

FISCAL YEAR 2006-2007 COSTS

Fixed Costs: \$818,601 Adjustment Proposed

Fixed costs, subject to a 29% operating margin, were incurred in fiscal year 2006-2007 in the general categories of labor-related costs, non-labor costs, costs allocated from corporate functions, equipment leases and support, depreciation and insurance. Fixed costs, **not** subject to a 29% operating margin, were incurred in fiscal year 2006-2007 in the general categories of employee retention compensation, legal (license appeal) and intangible asset amortization. The following table compares the actual costs incurred to the costs identified as allowable in Commission Order No. 2007-418:

	Commission Order No. 2007- 418	Actual Costs Incurred in FY 2006- 2007	Adjustment Proposed
Labor and Fringe	\$3,170,000	\$2,751,908	
Non-Labor	\$1,232,000	\$889,656	
Corporate Allocation (G&A)	\$1,245,272	\$2,731,782	
Equipment leases and support	\$400,000	\$631,983	
Depreciation	\$225,000	\$229,334	
Insurance	\$787,254	\$650,043	
Subtotal (Fixed Cost subject to 29% margin)	\$7,059,526	\$7,884,706	
Employee retention compensation	\$99,637	\$68,061	
Legal (license appeal)	\$75,000	\$99,997	
Intangible asset amortization	\$625,000	\$625,000	
Subtotal (Fixed Cost not subject to 29% margin)	\$799,637	\$793,058	
Total Fixed Costs	\$7,859,163	\$8,677,764	\$818,601

The actual Fixed Costs incurred during fiscal year 2006-2007 were \$8,677,764. This amount is \$818,601 more than the amount identified in Order Number 2007-418. Therefore, an adjustment of \$818,601 is requested in this category of costs.

Variable Costs:

Variable Labor and Non-Labor Costs: No Adjustment Proposed

Commission Order No. 2007-418 identified the following categories of rates for projecting Variable Labor and Non-Labor costs: vault purchase and inspection (per vault), ABC waste disposal (per shipment), slit trench operations (per slit trench offload), customer assistance (per shipment), and trench records (per container).

The following table illustrates the Variable Labor and Non-Labor costs that would be calculated using the Variable Labor and Non-Labor rates identified in Order No. 2007-418 and the number of units in each category.

	Units	Variable Cost Rate in Order No. 2007-418	Calculated Cost
Vault Purchase & Inspection (per vault)	284	\$71.72	\$20,368.48
ABC Waste Disposal (per shipment) (total shipments, less slit trench shipments, less irregular project shipments)	266	\$1,009.56	\$268,542.96
Slit Trench Operations (per slit trench offload)	37	\$9,975.32	\$369,086.84
Customer Assistance (per shipment)	303	\$264.67	\$80,195.01
Trench records (per container)	627	\$56.43	\$35,381.61
Total Projected Variable Labor and Non-labor Cost			\$773,574.90

The actual Variable Labor and Non-Labor costs experienced in the disposal of waste in fiscal year 2006-2007 resulted in a Total Variable Labor and Non-Labor Cost of \$753,716. This amount is \$19,858.90 less than the amount that would have been anticipated based on rates provided in Commission Order 2007-418. Therefore, Chem-Nuclear does not request an adjustment in this category of costs.

Vault Costs: \$163,674.50 Adjustment Proposed

The following table illustrates the vault costs that would be calculated using the Variable Cost rates identified in Commission Order No. 2007-418 and the volumes of waste received in each respective category.

	Volume Buried (cubic feet)	Variable Cost Rate in Order No. 2007-418	Calculated Cost
Class A waste	11,477.05	\$35.00	\$401,696.75
Class B waste	11,013.78	\$36.72	\$404,426.00
Class C waste	8,555.52	\$36.15	\$309,282.05
Slit Trench waste	2,126.20	\$128.07	\$272,302.43
Irregular Components (in vaults as an irregular cost)	1,304.20	N/A	N/A
Irregular Components (RPV not in a vault)	3,130.00	N/A	N/A
Total Vault Cost			\$1,387,707.23
Total Volume	37,606.74		

The total cost incurred for routine disposal vaults used during fiscal year 2006-2007 was \$1,551,381.73. Therefore, Chem-Nuclear requests \$163,674.50 adjustment in this category of cost.

Irregular Costs: \$360,694 Adjustment Proposed

The following table summarizes the Irregular costs incurred in fiscal year 2006-2007 organized by projects. Exhibit B provides additional descriptions of each of these irregular projects. The total costs incurred in fiscal year 2006-2007, as Irregular Costs, were \$570,460 compared to the amount identified in Commission Order No. 2007-418 of \$209,766. Chem-Nuclear therefore requests an adjustment of \$360,694 increase in Irregular Costs.

Irregular Cost Item	Basis For Order Amount	Actual FY 06-07 Labor	Actual FY 06-07 Non-Labor	Total Cost FY 06-07
Irregular Component Disposal: 24 tie bolt boxes from Norfolk Naval Shipyard, one shield from the PARR reactor, and the Reactor Pressure Vessel from Dairyland Power	\$40,000	\$13,148.58	\$153,304.82	\$166,453.40
Various Trenches (design, construct, and backfill): Trench 86, Trench 94, Trench 97, Slit Trench 29, Slit Trench 30, Slit Trench 31, Slit Trench 32, Slit Trench 33, and Slit Trench 34.	\$60,000	\$67,685.99	\$113,595.87	\$181,281.86
Decontamination and Corrective Actions	\$14,766	\$548.57	\$1,286.99	\$1,835.56
Deep Well & Monitoring Well abandonment		\$18,314.25	\$1,484.58	\$19,798.83
Site Engineering and Drawing Updates	\$60,000	\$41,003.40	\$12,497.26	\$53,500.66
Miscellaneous Irregular Costs (Clay Cap Evaluation Trench 86, Fertilize Multi-layer Caps)		\$29,843.78	\$6,681.30	\$36,525.08
License Renewal and Appeal costs	\$20,000	\$41,652.60	\$2,348.56	\$44,001.16
Repairs to Laboratory		\$840.80	\$22,848.27	\$23,689.07
Increased Security Controls		\$1,348.93	\$8,781.66	\$10,130.59
Other Irregular costs (Waste Tracking Special Requests, Database Software, Site Assessments, and B&CB staff support)	\$15,000	\$16,715.30	\$16,528.28	\$33,243.58
Total Irregular Costs	\$209,766	\$231,102.20	\$339,357.59	\$570,459.79

B. EXHIBIT B:**FISCAL YEAR 2006-2007 IRREGULAR COSTS
ORGANIZED BY PROJECT**

PROJECT NUMBERS	PROJECT NAME AND EXPLANATIONS
188000.8005 188000.8006	Decontamination and Corrective Actions (Labor \$548.57 and Non-labor \$1,286.99) Includes costs related to decontamination efforts and corrective actions that were required as a result of waste received for disposal. During fiscal year 2006-2007, costs incurred in these projects, although irregular and non-recurring in nature, were within the scope of waste disposal operations work.
188004.8001	Site Engineering & Drawing Updates (Labor \$41,003.40 and Non-labor \$12,497.26) Labor and contractor costs for site engineering support and preparation and reproduction of site drawings. The engineering support and drawings were required for various analyses and reports submitted to SC DHEC. Included in this project in fiscal year 2006-2007 were three primary tasks: (1) design package updates for concrete disposal vaults, (2) Site drawing and capacity updates, and (3) custom vault design review.
188007.8001	Irregular Component Disposal (Labor: \$13,148.58 and Non-labor \$153,304.82) Non-routine operations. Includes costs associated with disposal of items that involve unusual handling requirements. Included are waste receipt and inspection, preparations to offload the shipping container or vehicle, placement of the irregular component in its disposal vault, disposal, survey and transportation vehicle release and closeout. Irregular components disposed of in fiscal year 2006-2007 included twenty-four boxes of components (Tie Bolts) from Norfolk Naval Shipyard; one box containing a shield from the PARR reactor decommissioning project; and a Reactor Pressure Vessel from the Dairyland Power plant at Lacrosse, WI. The amount billed to the customer for disposal of these irregular components was over \$2,000,000.
188000.8007 188000.8009	Deep Well Abandonment and Monitoring Well Abandonment (Labor \$18,314.25 and Non labor \$1,484.58) Labor and contractor costs associated with abandonment of three deep environmental monitoring wells are included here. Also included are costs for abandoning twelve other environmental monitoring wells.
188000.8008 188004.8002	Miscellaneous Irregular Costs (Trench 86 Clay Cap Evaluation and Multi-layer cap fertilizer) (Labor \$29,843.78 and Non-labor \$6,681.30) Costs associated with work to evaluate the initial clay cover over waste in Trench 86. This evaluation includes survey for depth of cover, rework the clay cap as required and installation of earthen berms to divert rain water. Also included here are costs for fertilizing multi-layer caps installed over completed disposal trenches.

PROJECT NUMBERS	PROJECT NAME AND EXPLANATIONS
188008.8001	Increased Security Controls (Labor \$1,348.93 and Non-labor \$8,781.66) Costs associated with personnel and physical security enhancements as directed by SC DHEC to implement increased controls at the disposal site.
188701.8007 188701.8012 188701.8014 188701.8019 188701.8020 188701.8021 188701.8022 188701.8023 188701.8024	Various Trench Construction and Backfill Operations (Labor \$67,685.99 and Non-labor \$113,595.87) Trench construction activities in fiscal year 2006-2007 included design, construction and backfill (including use of free flowing sand where applicable) in Trench 86, Trench 94, Slit Trench 25, Slit Trench 26, Slit Trench 27, Slit Trench 28, Slit Trench 29, Slit Trench 30, Slit Trench 31, and Slit Trench 32.
952182.8002 952183.8001 952192.8002 188000.8011	Other Irregular Costs (Waste Tracking Special Requests, Waste Tracking Database Software, Site Assessments, and B&CB Staff Requests) (Labor \$16,715.30 and Non-labor \$16,528.28) Included here are costs for specific special requests for waste disposal data from generators, regulators and others acting in official capacities. Also included are special projects related to site performance as directed by SC DHEC. Generally these projects are related to regulatory or technical site performance.
952183.8002	Repairs to Barnwell Environmental and Dosimetry Laboratory (BEDL) (Labor \$840.80 and Non-Labor \$22,848.27) Repairs to the BEDL in fiscal year 2006-2007 included replacement of laboratory bench ventilation/fume hood, replacement of an air conditioning unit, roof leak repairs/resealing, and roof walkway refurbishment.
952188.8001 952188.8002 952188.8004 188000.8010	Appeal DHEC License, License Administration, SC Administrative Law Court Order Implementation, and Alternate Trench Construction Design (Labor \$41,652.60 and Non-Labor \$2,348.56) Non-routine activities by licensing department and others related to the appeal process for the DHEC radioactive materials license renewal. Included here are costs for CNS labor. Legal expenses are included in fixed costs. Also included here are costs for implementing actions directed by the Administrative Law Court Order related to the appeal of the license renewal.

EXHIBIT C:
FISCAL YEAR 2007-2008 COSTS

We propose the following amounts be identified as allowable costs for fiscal year 2007-2008:

FIXED COSTS	
Fixed Costs to which 29% operating margin is added	
Labor and Fringe	\$2,900,000
Non-Labor	\$1,000,000
Corporate Allocations (Management Fees/G&A)	\$2,827,394
Depreciation	\$230,000
Insurance	\$680,000
Equipment Leases and Support	\$654,000
Fixed Costs to which 29% operating margin is not added	
Intangible Asset Amortization	\$625,000
Employee Retention Compensation	\$500,000
Legal Support (license appeal)	\$50,000
Total Fixed Costs	\$9,466,394
IRREGULAR COSTS	
Trench Construction	\$60,000
License Appeal	\$20,000
Corrective Action	\$ 2,000
Site Engineering Drawing	\$50,000
Irregular Components	\$40,000
Miscellaneous	\$40,000
Total Irregular Costs	\$212,000
VARIABLE COSTS	
Variable Labor and Non-Labor Rates	
Vault Purchase and Inspection (per vault)	\$116.06
ABC Waste Disposal (per shipment)	\$1,128.34
Slit Trench Operations (includes laundry costs) (per slit trench offload)	\$8,412.28
Customer Assistance (per shipment)	\$295.26
Trench Records (per container)	\$73.81
Variable Material Costs (Vault) based on actual fiscal year 2006-2007 rates plus supplier cost increase	
Class A Waste (per cubic foot)	\$42.85
Class B Waste (per cubic foot)	\$43.05
Class C Waste (per cubic foot)	\$43.09
Slit Trench Waste (per cubic foot)	\$138.88

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IN RE: Application of Chem-Nuclear Systems,)
LLC, a Subsidiary of Energy Solutions for)
Adjustment in the Levels of Allowable)
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**CERTIFICATE
OF SERVICE**

SC
COM
7001 SEP 27 PM 3:40
P.F.

I, Yvonne M. Sodowsky, do hereby certify that I have this date served one (1) copy of the Application of Chem-Nuclear Systems, LLC for FY 2007-2008 upon the following parties of record by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and addressed as follows:

Hana Pokorna-Williamson, Esquire
Acting Consumer Advocate
State of South Carolina
Post Office Box 5757
Columbia, South Carolina 29250-5757

The Honorable Henry Dargan McMaster
Attorney General
State of South Carolina
Post Office Box 11549
Columbia, South Carolina 29211

The Honorable Max K. Batavia
Atlantic Compact Commission
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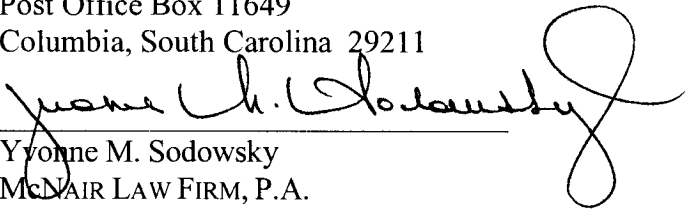
The Honorable Frank W. Fusco
Executive Director
South Carolina Budget and Control Board
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Mr. Dan Arnett
Florence P. Belser, Esquire
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The Honorable C. Earl Hunter
Commissioner
SCDHEC
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Frank R. Ellerbe, III, Esquire
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September 27, 2007

Columbia, South Carolina